

16 June 1958

MEMORANDUM FOR: The EIC Secretariat

FROM : Chairman, EIC Subcommittee on General Economic Analysis

SUBJECT : Annual Report on the Activities of the Subcommittee on  
General Economic Analysis for Fiscal 1958

1. One meeting was held during the year on 30 September 1957.
2. No projects were undertaken by the members of the Subcommittee at the direction of the EIC.
3. No substantive discussions of economic intelligence were held by the Subcommittee.
4. The Subcommittee coordinated two proposed external research projects:
  - a. Extension of Project on National Income and Production of European Satellite Countries, sponsored by ORR.
  - b. Extension of Project on 1955 Ruble-Dollar Ratios for Machinery and Equipment Items, sponsored by ORR.

No objection was expressed to either project.

5. The Subcommittee participated in coordination of two external research projects sponsored by the Air Force: with the Subcommittee on Industrial Machinery and Equipment on a Project for Process Analysis of the USSR Light and Medium Machine Building Industry, and with the Subcommittee on Chemicals on a Project for Process Analysis of the USSR Chemical Industry.

The majority of the members of the Subcommittee on General Economic Analysis believed that data difficulties would invalidate the usefulness of these contracts. The ONI representative felt that the search of new material might provide useful data and that he could not recommend against the contracts since no substitute method with greater prospects of success had been suggested. The AFICIN representative affirmed his belief that letting the contracts was still desirable, although he was aware of the difficulties pointed out by the other agencies, and he did not concur with the Subcommittee majority statement.

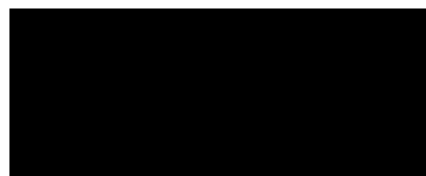
6. The Subcommittee was asked to consult on coordination of an external research project sponsored by ORR on Establishing Economic Criteria for Adoption of Nuclear Power Plants. The consensus of the Subcommittee was that this subject matter was not a responsibility of the Subcommittee. However, the Chairman attended the meeting of the Subcommittee on Electric Power and Fuels and provided such counsel and support as he could.

7. In response to a request to assess the possibility of a three to six months' exchange in the field of banking and economic planning, the Subcommittee reported to the IAC Ad Hoc Committee on Exchanges that the Subcommittee felt that an exchange on central banking of the scope and duration proposed previously by the Federal Reserve Board had greater probable net intelligence advantage than one of longer duration. The Subcommittee recommended that the most fruitful activity from a long-term advantage point of view would be an exchange of students and faculty between Soviet and US academic institutions and private research organizations in the field of economics.

8. Recommendations:

- a. That the present membership of the Subcommittee continue.
- b. That the primary activities of the Subcommittee continue to be:
  - (1) Coordination of external research proposals.
  - (2) Review of post mortems as needed.
  - (3) Evaluation of the net intelligence advantage of delegation exchange proposals.
  - (4) Discussion as need arises of problems of mutual interest within the substantive field of the Subcommittee.

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